

REMARKS

This amendment is responsive to the Office Action dated June 6, 2003. Claims 1-5 and 12-16 have been withdrawn. Applicants have amended claims 7, 10, 19, 25. Claims 6-11 and 17-28 are pending. In the amended claims, Applicants have used underlines to indicate inserted matter. Applicants have used strike-through (where strike-through can be easily perceived) and double brackets (where strike-through cannot be easily perceived) to indicate deleted matter.

Provisional Rejection for Obviousness-type Double Patenting:

The Examiner provisionally rejected claims 6-11 and 17-28 under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 8-16 and 24-35 of commonly owned U.S. Patent Application No. 09/862,993. Applicants acknowledge the provisional double patenting rejection, and recognize that the claims are not rejected at this time pursuant to a double patenting rejection. See MPEP § 804.

Claim Objections

In the Office Action, the Examiner objected to claims 10, 19 and 25 on grammatical grounds. Applicants have amended claims 10, 19 and 25 to address these objections.

Claim Rejection Under 35 U.S.C. § 112

In the Office Action, the Examiner rejected claims 7 and 10 under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicants regard as the invention. Applicants have amended claims 7 and 10 for purposes of clarification. Applicants submit that claims 7 and 10, as amended, particularly point out and distinctly claim the subject matter, as required by 35 U.S.C. § 112, second paragraph.

Claim Rejection Under 35 U.S.C. § 103

In the Office Action, the Examiner rejected claims 6-11 and 17-28 under 35 U.S.C. § 103(a) as being unpatentable over Daughtery, III, U.S. Patent No. 5,884,286. According to the Examiner, Daughtery discloses various means and scenarios for exchanging commodities as well as means for hedging with options and futures contracts. The Examiner acknowledged that

Daughtery fails to disclose aggregating contracts into a smaller number of contracts between the buyer and a derivatives provider. The Examiner concluded, however, that such a modification would have been obvious. The Examiner asserted that it was known in the agricultural products industry, for example, that buyers may have contracts with a number of different farmers and that buyers purchase options, perhaps only a single options contract from a derivatives provider, in order to hedge against price fluctuations and thus be guaranteed at least a certain price.

Applicants respectfully traverse the rejections.

In connection with combining references to support an assertion of obviousness, it is well established that the Examiner bears the burden of establishing a *prima facie* case of obviousness. In re Oetiker, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). In doing so, the Examiner must determine whether the prior art provides a "teaching or suggestion to one of ordinary skill in the art to make the changes that would produce" the claimed invention. In re Chu, 36 USPQ2d 1089, 1094 (Fed. Cir. 1995). A *prima facie* case of obviousness is established only when this burden is met.

The burden is still on the Examiner even when the Examiner relies upon a single reference. "Even when obviousness is based on a single prior art reference, there must be a showing of a suggestion or motivation to modify the teachings of that reference." In re Kotzab, 55 USPQ2d 1313, 1316-17 (Fed. Cir. 2000).

In the case of In re Lee, 61 USPQ2d 1430 (Fed. Cir. 2002), the Federal Circuit stated: "This factual question of motivation is material to patentability, and [can] not be resolved on subjective belief and unknown authority." *Id.* at 1434. Determination of patentability must be based on evidence, *id.* at 1434, and the Examiner provided none: no references pertaining to aggregation were cited, no official notice was taken, no evidence of any kind was presented. The Examiner's failure to present an evidentiary basis for the decision is clearly a legal error. *Id.* Assertions such as "common knowledge and common sense," even if assumed to derive from the Examiner's expertise, are not evidence, and conclusory statements do not fulfill the Examiner's obligation to make an evidentiary record. *Id.* at 1434-35; In re Dembiczak, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999).

If indeed the elements were known in the art, then the Examiner ought to present evidence to support that conclusion. In re Lee, 61 USPQ2d at 1435 ("[W]hen they rely on what they assert to be general knowledge to negate patentability, that knowledge must be articulated

and placed on the record.”). The failure to do so renders the Examiner’s rejection arbitrary, capricious and unreasonable. See id. at 1434. The Examiner may not arbitrarily, capriciously and unreasonably deny a claim by a mere declaration of obviousness without a supporting evidentiary record.

Independent claim 6 recites “a method comprising: preparing contracts for delivery of quantities of a commodity between a buyer and producers; and aggregating the contracts into a smaller number of contracts between the buyer and a derivatives provider.” Claims 7-11 depend on claim 6, and include these elements as well. Similarly, independent claims 17 and 23 recite “a method for transacting transfers of commodities, the method comprising: preparing contracts for delivery of quantities of a commodity between a buyer and sellers; aggregating the contracts into a smaller number of contracts between the buyer and a derivatives provider” and other elements. Claims 18-22 depend on claim 17, and claims 24-28 depend on claim 23. All pending claims, therefore, recite “aggregating the contracts.”

As to the “aggregating the contracts” element, the Examiner presented no evidence at all that Daughtery says anything about aggregating contracts for delivery of quantities of a commodity. The Examiner referred to a passage in Daughtery in which a cereal manufacturer buys an option (col. 7, lines 38-51), but nowhere in this passage does Daughtery mention that the cereal manufacturer has any contracts for delivery of quantities of a commodity. On the contrary, Daughtery describes a situation in which the cereal manufacturer does not have any such contracts, and the cereal manufacturer purchases a call option to purchase wheat at or below the exercise price.

The Examiner asserted that it was known in the agricultural products industry that buyers may have contracts with a number of different farmers and that buyers purchase options in order to hedge against price fluctuations. Aside from being unsupported and therefore not providing any legal basis for rejection of Applicants’ claims, the Examiner’s assertions miss the point. Having contracts with a number of different farmers and purchasing options to hedge against price fluctuations is distinct from aggregating contracts for delivery of quantities of a commodity between a buyer and producers/sellers into a smaller number of contracts between the buyer and a derivatives provider, as recited in claims 6-11 and 17-28.

Independent claims 17 and 23 further recite price-setting elements. Claim 17, for example, includes “observing the price of the commodity at observation points over a period of

time; specifying a minimum price; for each of the observation points, selecting the minimum price in the event the observed price is less than the minimum price, and selecting the observed price in the event the observed price is greater than the minimum price; calculating a price for a quantity of the commodity based on the average of the selected prices and a discount below the average; and paying to each seller an amount based upon the calculated price.” Claim 23 pertains to a complementary method involving a maximum price.

The Examiner acknowledged that Daughtery lacks the specific teaching of calculating a price for the quantity of the commodity based upon the average of the selected prices as recited in claims 17 and 23. According to the Examiner, however, “it would have been an obvious design choice” at the time of the invention to modify Daughtery to have the price of the commodity based upon the average of prices, saying that averaging prices over an extended period of time was known in the business industry.

Once again, the Examiner has applied the incorrect legal standard and has not produced evidence to support denial of claims. Daughtery does not disclose the elements recited in claims 17 and 23, and the Examiner cannot meet the legal burden merely by making unsupported conclusory assertions. In re Lee, 61 USPQ2d at 1434-35.

In addition, the Examiner’s reliance upon “design choice” is a further application of an incorrect legal standard. The references themselves must teach or suggest the asserted “design choice.” In re Chu, 36 USPQ2d at 1094. If the teaching or suggestion is missing, the Examiner may not fill in the gap in the evidentiary record by an unsupported assertion of “design choice.”

Furthermore, the Examiner has failed to demonstrate how Daughtery discloses elements recited in claims 17-28. These claims recite, among other things, observing the price of the commodity at observation points over a period of time, selecting the minimum (or maximum) price or the observed price, calculating a price for a quantity of the commodity based on the average of the selected prices and a discount below (or premium above) the average, and paying to each seller an amount based upon the calculated price. Daughtery does not disclose these claimed elements, and the Examiner has provided no evidence of any suggestion or motivation to modify Daughtery to include those elements. The Examiner simply appears to have ignored them.

Claims 9, 22 and 28 recite “maintaining anonymity between the derivatives provider” and producers/sellers. According to the Examiner, “the producers/sellers have absolutely no

relationship with the derivatives provider." The Examiner, however, cited no reason for rejection of claims 9, 22 and 28. Maintenance of anonymity is not disclosed in Daughtery, and the Examiner provides no reason or evidence that would suggest that maintenance of anonymity is not patentable.

In connection with dependent claims 10, 11, 18, 19, 20, 24, 25 and 26, the Examiner once again produced no evidence of unpatentability. Instead, the Examiner concluded that "use of a middleman" would have been obvious, that all of the commodities recited in claim 11 were well known, that single option contracts are effectively swaps, and that fees between buyers and derivative buyers are exchanged. Once again, all the Examiner offered was conclusory statements, not evidence. The Examiner's conclusions may be erroneous, but the Examiner offered no reasoning of any kind by which Applicants can point out the errors, nor has the Examiner cited any reference in support of the conclusions.

Daughtery does not disclose elements recited in claims 6-11 and 17-28. The Examiner has not provided the record and reasoning that would justify rejection of claims 6-11 and 17-28 under Daughtery. For at least the above reasons, the Examiner has failed to establish a *prima facie* case for non-patentability of Applicants' claims 6-11 and 17-28 under 35 U.S.C. § 103(a). Withdrawal of these rejections is requested.

CONCLUSION

All claims in this application are in condition for allowance. Applicants respectfully request reconsideration and prompt allowance of all pending claims. Please charge any additional fees or credit any overpayment to deposit account number 50-1778. The Examiner is invited to telephone the below-signed attorney to discuss this application.

Date:

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SHUMAKER & SIEFFERT, P.A.
8425 Seasons Parkway, Suite 105
St. Paul, Minnesota 55125
Telephone: 651.735.1100
Facsimile: 651.735.1102

By:

Daniel J. Hanson

Name: Daniel J. Hanson
Reg. No.: 46,757